CMHC HOUSING OUTLOOK NATIONAL EDITION

Canada Mortgage and Housing Corporation

Housing activity will slow in 2002 but pick up in 2003

Overview

Starts:
2002: 156,100
2003: 159,200

Resales:
2002: 368,500
2003: 370,100

Starts: Look for a small decline in housing starts this year but a gain next year. The decline will be tied to weak job growth in 2001 and 2002. Construction will remain robust, however, due to high migration, low mortgage rates, and stronger house prices. 2003 will see higher starts due to a stronger economy.

Resales: Weak job growth will also move sales lower in 2002 but an improved economy will nudge sales higher in 2003.

Prices: Look for resale price growth in the two to three per cent range over the next two years as sales moderate relative to the number of listings on the market.

Details on page three.

The Nation's HOT SPOTS

Alberta: Thanks to one of the fastest growing provincial economies, construction will remain at high levels (See Page 10).

Ontario: Look for migration to help prop up housing starts over the 70,000 mark in each of the next two years (See Page 13).

British Columbia: The housing market will continue its rebound from the trough in 2000, helped in part by the low mortgage rates (See Page 9).

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First Quarter, 2002

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CMHC Housing Outlook: National Edition is your national sales, marketing, and business planning tool.

CMHC SCHL

HOME TO CANADIANS
Canada

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) is home to Canadians. In everything we do, we help Canadians live in safe, secure homes.

As the Government of Canada's national housing agency, we play a major role in Canada's housing industry. CMHC develops new ways to finance home purchases. We encourage innovation in housing design and technology. Our mortgage loan insurance helps Canadians realize their dream of owning a home.

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Second Quarter 2002 — April
Third Quarter — July
Fourth Quarter — October

National Housing Outlook

Highlights

Multiples will remain robust

Starts of multiples units will remain robust in 2002 and 2003 relative to the average of the last five years, while starts of single-detached units will decline slightly. Single starts will edge lower as rising house prices make multiple starts a more affordable substitute.

Low vacancies will help trigger starts

Low rental vacancy rates will help trigger strong multiple construction, however, only a portion will take the form of rental starts. Most of the construction will be condominiums. Some of these condo units will end up being occupied by tenants, helping meet the demand for rental housing.

Hottest segment will be apartments

Apartment construction will remain the hottest segment across most of the country. Apartment starts will average about 40,000 per year over the next two years, some 30% higher than the average seen from 1997 to 2001.

Still opportunities in single segment

Although there will be fewer single-detached starts in 2002 and 2003 than over the last five years, the size of the single segment remains important at about 90,000 units per year. Single starts will rebound in both British Columbia and Saskatchewan this year and next. Singles will also advance in all provinces next year, with the exception of Quebec, Manitoba, and New Brunswick.

Resale transactions pull back from peak

The number of resale transactions reached a record in 2001. Resales will pull back from this peak in 2002 because of a weaker job market. Total transactions will still be near the 370,000 mark given low mortgage rates.

More modest price gains for 2002-2003

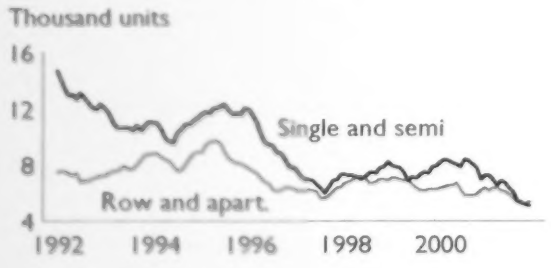
Resale home prices will advance at a more modest two to three per cent pace in 2002 and 2003 than the four to five per cent pace over the last two years. Several urban centres will see a more balanced market between buyers and sellers.

Spotlight on INVENTORIES

Inventories of newly completed and unoccupied units help explain the resilience in housing starts activity.

Inventories for all types of newly completed and unoccupied units are now at their lowest levels ever recorded on CMHC databases.

New unoccupied inventories very low



Source: CMHC

This means that demand for new units will have to be met increasingly by housing starts, rather than by a drawdown in the inventories.

This trend correlates strongly with developments in the rental market. The rental market is now very tight with an average national apartment vacancy rate for structures of three units and more close to 1%. This will mean that demand for rental will also have to be met in part by housing starts, rather than unoccupied rental units.

Accordingly, considering that demand for housing will decline yet remain robust, the low inventories of new and unoccupied units and of rental units bode well for home building over the next few years.

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Trends Impacting Housing

Positive Impact	What to Watch For
✓ *Low mortgage rates*	✓ *Weaker employment prospects*
✓ *High migration*	✓ *Consumer confidence*

The Economy

Following weak economic growth over the last few quarters of 2001, CMHC expects uneven growth in the first half of this year, moderate growth in the third quarter, and accelerating growth in the fourth quarter.

The recovery is predicated on an anticipated economic rebound in the U.S., a low Canadian dollar, the drop in interest rates, the turnaround in equity markets, and fiscal stimulus. The pace of the recovery, however, will be initially quite moderate for two key reasons. Low corporate earnings, high inventory levels, and low productive capacity utilization rates, will keep a lid on investment spending. Meanwhile, rising unemployment will slow consumer spending. Overall, Canadian GDP growth will be near 1.3% in 2002. Economic growth should accelerate in the 3% to 4% range in 2003 as consumer and investment spending strengthen.

Mortgage Rates

The Bank of Canada has again dropped its key rates to bolster the economy early in 2002. As a result, both short and long term mortgage rates have fallen significantly from the peaks in 2000, about 175 basis points for 5-year terms and 325 basis points for 1 year-terms. Mortgage rates are expected to bottom out in the first quarter of 2002 and remain low for most of the year. Mortgage rates will rise slowly only as the economy regains momentum later in 2002. Rates will move much higher with more robust economic activity into 2003.

Migration

There has been a strong rebound in total net migration since the Asian crisis in 1998. In fact there were more immigrants allowed into Canada last year than what was targeted by the federal government.

It remains to be seen, however, what effect September 11 will have on immigration. At this point, it is reasonable to think that immigration will be down closer to the middle of the federal government's target range of 210,000 to 235,000 this year. Preliminary immigration data indicate that the number of persons acquiring immigration status has dropped significantly since September 11. Since emigration is also expected to drop from recent levels, total net migration flows will still be high. This will be a significant factor in maintaining demand for housing, particularly in Toronto, Vancouver, and Montréal.

The impact on housing demand from immigration is twofold. The recent surge will mean strong demand for rental units. The surge in the early 1990s will mean strong demand for owned units as these earlier immigrants shift tenure from rental to home ownership, especially in the context of low mortgage rates.

Employment

Job creation is the key factor pushing our forecast for housing markets lower in 2002. Job creation rose substantially from 1997 to 2000, totaling close to one million jobs over the period. Last year saw more moderate job creation as the average level of employment in 2001 was about 167,000 persons higher than the average in 2000. Job creation is expected to moderate even further to about 70,000 in 2002. The weaker job creation since last year, and the fact that much of it has been part time, will soften demand for new housing.

Consumer confidence

Consumer confidence remains high. The key home-buying age groups remain confident and more than half of consumers indicate it is a good time to buy big-ticket items. Confidence is expected to move lower over the first few quarters of 2002 but not down to recessionary levels. Confidence is largely driven by job prospects and only massive job losses would drive down confidence as low as in the early 1980s and early 1990s.

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Trends at a Glance

Key factors and their effects on home building

Factor	Comment	Impact 2002	Impact 2003
Mortgage rates	Staying low in 2002 and rising by 2003.	👍	👎
Employment	Weaker job creation in 2001 and 2002 dampens housing demand this year and next.	👎	👎
Incomes	Growth will moderate but remain positive due to tax cuts and wage gains.	👍	👍
Net migration	Immigration flows will taper off from the 2001 peak but remain large and sustain housing demand.	👍	👍
Household formation	Higher as a result of net immigration and strong job creation since 1997.	👍	👍
Consumer confidence	Confidence remained high in the second half of 2001 but is expected to move lower in line with reduced job prospects. May have more of an impact on 2002 housing demand. Confidence should return by 2003.	👎	👍
Resale market	Demand spillover from record tight resale markets boost construction of new homes, although less so in 2002.	👍	👍
Unoccupied new units	Low inventories a positive signal to builders.	👍	👍
Vacancy rates	Low rates trigger multiple construction.	👍	👍

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Rental market: A review and outlook

The rental market has changed substantially in the last few years. Low vacancy rates and rising rents, along with the introduction of a new government partnership for the construction of affordable rental housing, will affect the rental housing market in 2002 and 2003.

Rental apartment vacancy rate low

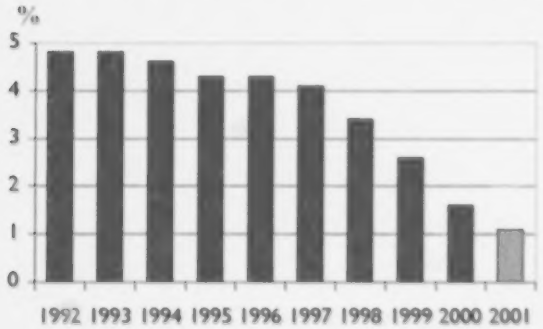
According to CMHC's Rental Market Survey, the overall vacancy rate for privately-initiated apartments in structures with three units and over in metropolitan areas went from 1.6 per cent in October 2000 down to 1.1 per cent in October 2001. This is the lowest rate since the survey first included structures of three units and over in 1987.

Vacancy rates fell in 17 of the 26 metropolitan areas. The greatest rate decreases were recorded in **Sherbrooke** (from 4.7 per cent to 2.3 per cent), **Trois-Rivières** (from 6.8 per cent to 4.7 per cent) and **Sudbury** (from 7.7 per cent to 5.7 per cent).

Sixteen metropolitan areas posted rates under 2 per cent, while eight areas had vacancy levels below 1 per cent. The lowest rates were surveyed in **Victoria** (0.5 per cent), **Montréal** (0.6 per cent) and **Gatineau** (0.8 per cent).

Vacancy rates fell in most metropolitan areas due to strong job creation since 1997, strong international immigration, and an increase in the number of young adults arriving on the housing market. Greater rental supply and strong movement towards home ownership caused vacancy rates to rise elsewhere.

Vacancy Rates – Metropolitain Areas
Private apartment buildings of 3 units and over



Source: CMHC

New agreement for the construction of affordable housing

On November 30, 2001, the federal, provincial and territorial ministers agreed on a framework to increase the supply of affordable housing across Canada. Based on provincial and territorial needs and priorities, this may include construction, major renovation, conversion and affordable homeownership. Details of eligible programs in each province and territory will be mutually agreed upon by the parties through bilateral agreements. Agreements have been signed already with Quebec, British Columbia, Nunavut, and the Northwest Territories.

The framework for the agreements include the following parameters:

- The federal government has made a commitment to provide a total contribution of $680 million over 5 years.
- Provinces and territories will be required to match federal contributions overall.
- Federal funding may be used for the capital contributions and administration costs of the initiative in the provinces and territories.
- The maximum federal contribution is set at an average of $25,000 per housing unit for the duration of the program.
- Funded housing units must remain affordable for a minimum period of 10 years.
- Contributions from the provinces and territories may take the form of capital or other types of subsidies; they may also be cash or in-kind contributions provided by the province, the territory or a third party.

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Rising rents and decreasing mortgage rates carry implications

The average rental increase for two-bedroom apartments was 3.4 per cent between October 2000 and October 2001. Between October 1999 and October 2000, the average increase was similar at 3.3 per cent. (This is a non-weighted average rent of privately-initiated apartments in structures with three units and over.)

Over the last few years, the increase in rents, combined with the decrease in mortgage rates to levels unequalled in four decades for certain terms, is enhancing the appeal of homeownership.

A comparison between average apartment rents in some metropolitan areas and the monthly mortgage payments derived from the average price of new recently absorbed condominium apartments reveals that homeownership constitutes an attractive alternative in terms of cost. This is particularly true in the case of Ottawa, but less so in certain other metropolitan areas. The difference between the average rent and monthly mortgage payments remains particularly significant in Toronto and Vancouver.

Comparison between average rents and monthly mortgage payments in select metropolitan areas

Metropolitan areas	Apartment vacancy rate*	Average rent ($) for a two-bedroom apartment *	Monthly mortgage payment ($) **	Difference ($)
Calgary	1.2	783	1.018	235
Edmonton	0.9	654	922	268
Halifax	2.8	783	918	135
Hamilton	1.3	439	1,123	684
Kitchener	0.9	722	856	134
Montréal	0.6	530	781	251
Ottawa	0.9	914	914	0
Regina	2.1	568	901	333
Saskatoon	2.9	558	815	257
Toronto	0.9	1,027	1,884	857
Vancouver	1.0	919	1,777	858
Victoria	0.5	751	1,468	717
Windsor	2.9	738	845	107
Winnipeg	1.4	605	790	185

Source: CMHC

* Privately initiated two-bedroom apartments in structures of three units and over.

** Based on the average price of new condominium apartments absorbed from January to November 2001. Down payment of 5 per cent, five-year mortgage rate of 5.85 per cent and amortization of 25 years.

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Increase in rental housing construction

The significant decrease in the vacancy rate for the past five years and the increase in rents are stimulating more rental housing construction. Total rental housing starts in urban areas reached 14,681* units in 2001, up almost 45% from the 10,155* units in 2000. The level of rental housing starts, however, remains low relative to the total level of starts in urban areas at 10.3 per cent.

Over the next two years, rents are expected to rise at a faster pace than inflation in certain cities. However, the pace of the increase will remain moderate overall given the trend toward homeownership.

The expected increase in rents may not yet be sufficient to entice significant private rental investment, but may well spur more condominium developments.

Rental housing starts*
Urban centres with pop. 10,000 +

Provinces	2001	% of total starts
Nfld.	14	1.2
P.E.I.	48	12.8
N.B.	669	30.4
N.S.	746	27.0
Que.	4,018	18.3
Ont.	2,717	3.9
Man.	120	7.2
Sask.	34	2.1
Alta.	2,485	10.1
B.C.	3,826	24.4
Canada	14,681	10.3

Source: CMHC

* These figures do not take into account dwelling starts that are not primarily intended as rental housing but still accommodate tenants, as is notably the case for many condominium apartments.

Vacancy rate to remain low

The average vacancy rate for rental apartments in privately-initiated structures of three units and over in metropolitan areas will remain stable at 1.1 per cent at the time of the October 2002 survey. Higher immigration and the delayed effect of the growth in youth employment during the last three years will keep the rental vacancy rate low in many metropolitan areas.

The average vacancy rate is expected to rise slightly to 1.3 per cent in 2003. The coming on stream of new rental and condominium housing projects will help lift the vacancy rate.■

Vacancy rates - 2002

Down		Up
Winnipeg	Victoria	Toronto
Thunder Bay	Vancouver	Oshawa
Sudbury	Abbotsford	Ottawa
Windsor	Edmonton	Gatineau
London	Calgary	Chicoutimi
Kingston	Saskatoon	Saint John
Trois-Rivières	Regina	Halifax
Sherbrooke	Kitchener	Charlottetown
Québec	St. Catharines	
St. John's	Hamilton	
No change		
Montréal		

Source: CMHC

For more detailed information on metropolitan rental markets, contact your nearest CMHC market analyst.

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British Columbia

Overview

Economy is bruised but the housing market recovery continues in 2002

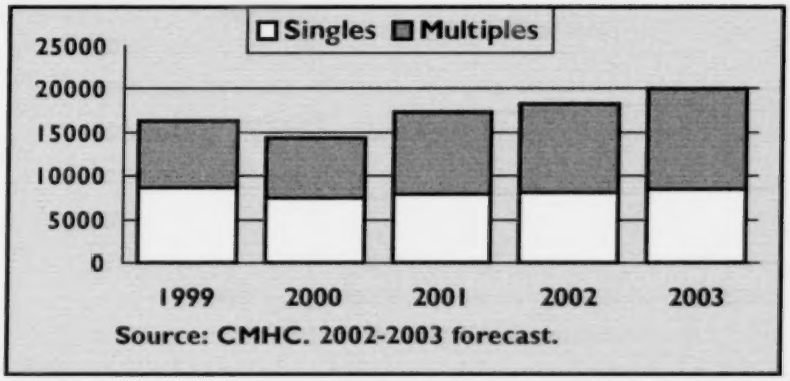
The economic outlook for the first half of 2002 does not look positive for B.C. The global economic contraction coupled with the fallout of U.S.-imposed softwood lumber duties has amounted to considerable losses in the province's labour market. As such, consumer confidence is decidedly weaker, especially in the resource-dependent communities of the province.

Nevertheless, the B.C. economy is forecast to rebound in the second half of 2002, benefiting from a U.S. recovery. An expected improvement in commodity prices should lift growth in the province's resource sector and help to recoup many of the jobs lost in 2001. Recent tax cuts and higher investment spending will promote more substantial economic gains by 2003.

Despite weaker economic conditions going into 2002, B.C.'s housing market recovery will endure. The stimulative impact of low mortgage and interest rates is expected to more than offset the negative effects of employment losses, particularly in the **Lower Mainland**, **Victoria** and the **Okanagan**. While first-time buyers dominated these markets last year, move-up buyers will take centre stage in 2002, mostly driving sales of single detached homes.

With the existing inventory of unsold new housing remaining low, new residential construction levels will have room to grow in 2002. As in the past few years, most of the growth will occur in **Vancouver**'s multiple sector with relatively little growth occurring elsewhere in the province until the overall B.C. economy improves by 2003.

B.C. Starts



Source: CMHC. 2002-2003 forecast.

In Detail

Single Starts: Single starts are expected to increase by three per cent in 2002. Most of the growth will be concentrated in **Surrey, Langley, Maple Ridge** and to a lesser extent, in **Victoria** as more serviced land becomes available through the year.

Multiple Starts: Multiple construction will remain the largest component of B.C. housing growth in 2002. A significant portion of this segment last year was new niche-oriented rental units constructed primarily by the private sector. As these niche markets approach saturation, private rental construction will moderate somewhat this year. However, increased apartment condo construction in **Vancouver** should lift multiple starts in B.C. by about ten per cent in 2002.

Resales: B.C.'s per capita sales levels were the highest in Canada over 2001. The stimulative impact of historically low mortgage rates is expected to keep sales levels healthy in 2002 with demand being strongest for single detached homes. Expect sales to increase by about five per cent to 72,800 units.

Prices: The province's average resale price is expected to rise by only 0.7 per cent. The more apparent move-up segment in the **Lower Mainland, Victoria and the Okanagan** will lift the average resale price, but continuing weakness in the resource communities will limit the magnitude of the increase.

Spotlight on RENTAL CONSTRUCTION

A unique feature of B.C.'s housing market recovery has been the substantial increase in private market rental construction as a result of the low vacancy rates. Last year, rental starts - consisting of mainly apartment units - increased by over 250 per cent compared to the previous year. The majority of these new units were centred in the downtown core of Vancouver and targeted specific niches including seniors and the affluent.

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Alberta

Overview

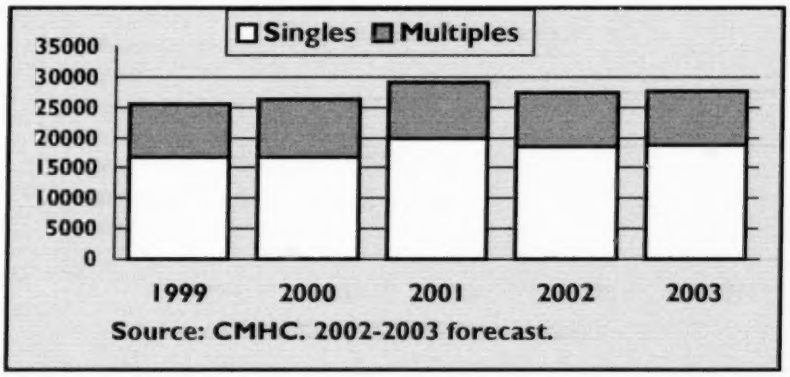
Province will remain the economic bright spot

In 2001, Alberta total economic output increased by about four per cent, while the number of jobs increased by nearly three per cent. This solid performance enabled the province to maintain its position as the top destination choice for Canadians from other provinces seeking job opportunities. The combination of a healthy job market, continued population gains from other provinces, and low mortgage rates supported healthy levels of resale and new home activity across the province.

The economy will slow over the next year. Provincial government spending will be restrained due to reduced energy royalties. The slowdown in the U.S. economy and central Canada will have a negative impact on the tourism as well as manufacturing and related sectors. In addition, overall investment in the upstream natural gas and conventional oil sector is expected to decline by about 20 percent from 2001 to 2002. However, given their longer planning horizon, investment in non-conventional oil projects will continue at a robust pace. As a result, investment activity in the energy sector over the forecast period will be well above the average of the past five years.

While economic growth will slow relative to previous years, the economy will grow significantly above the national average in 2002. In 2003, the gap in economic growth between Alberta and the rest of Canada will narrow as the other provinces benefit from a resurgence in the U.S. economy.

Alberta Starts



Source: CMHC. 2002-2003 forecast.

In Detail

Single Starts: In 2001, single starts recorded the best performance since 1998. Though low mortgage rates and a healthy energy sector will support demand in 2002, activity will be held back by slower job creation, higher prices, and weaker consumer confidence. Despite the decline, activity will still be the second best year on record since 1998.

Multiple Starts: Multiple-family construction in 2001 posted its best performance in 18 years. Over the next year, in response to heightened inventories in certain centres, multi-family builders will scale back on the number of new projects started. As a result, multi-family starts are forecast to decline by 8.8 per cent in 2002. However, this will represent the third best year for multi-family starts since 1982.

Resales: In 2001, total sales on the MLS reached record levels. In 2002, CMHC expects sales to slip by four per cent to 46,950 units. Low mortgage rates may have caused some households to move forward their buying decision. As a result, some of the anticipated sales for 2002 may have actually occurred in late 2001. Over the next few months, an anticipated boost in sales prompted by low mortgage rates may be offset by rising concerns over job security.

Prices: Overall price growth in 2002 will be held back by adequate selection and appropriate pricing strategies, as sellers attempt to ensure a quick sale. In 2002, prices are forecast to rise at a moderate pace of about 3.4 per cent.

Spotlight on FORT McMURRAY

The Fort McMurray economy continues to benefit from massive investment in the Athabasca oil sands projects. A total of $11 billion has been invested in projects since 1996, with another $40 billion planned for the next decade.

Both single and multi-family starts in Fort McMurray will set new records as builders respond to what is arguably the tightest housing market in Canada. Strong demand for rental accommodations has kept the vacancy rate close to zero and resulted in an average rent increase of 20 per cent in 2001.

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Saskatchewan

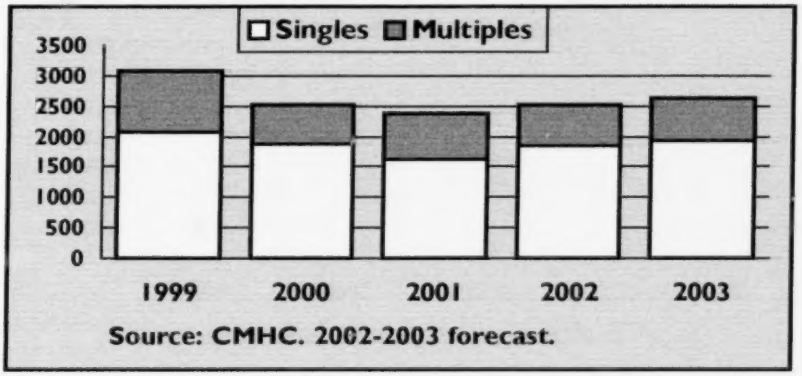
Overview

Economic prospects point to growth in housing demand.

Economic growth in the province moderated to less than one per cent in 2001, due to a large extent to reduced output in the agriculture sector.

Economic growth prospects are better for 2002 and particularly for 2003. Manufacturing of export products will rise with improved conditions south of the border. Prospects for the forestry, oil and gas, and mining sectors will also brighten. Meanwhile, crop production should return to more normal levels weather permitting. As a result, overall GDP growth is expected to accelerate from 0.8 per cent in 2001 to one per cent in 2002 and two per cent in 2003.

Saskatchewan Starts



Source: CMHC. 2002-2003 forecast.

The stronger and more balanced economic growth will translate into a return to positive job growth in 2002 and 2003. Job losses in 2001 will be almost fully recouped by 2003. Despite the improved job market, the unemployment rate will remain just below the 6 per cent mark.

The increased employment, combined with intra-provincial migration from rural to urban areas, will stimulate demand for housing in urban centres.

In Detail

Single Starts: Because of the difficult job market, many buyers postponed their decision to buy a new single-detached home in 2001, resulting in a 13.9 per cent decline in single-detached starts. However, the combination of improved job conditions, low mortgage rates and limited choice in moderately-priced resale markets will help single starts stage a recovery in 2002.

Multiple Starts: Multiple housing starts have already staged a comeback in 2001 and the pace will continue in 2002. Marketing of a major life-lease project has recently begun in **Regina**, while additional condominium starts are planned for **Saskatoon**.

Multiple projects underway are targeted toward buyers of moderately-priced townhouses and luxury apartments. Rising resale prices will encourage more seniors to opt for the condominium lifestyle.

Resales: The resale market has absorbed much of the demand for homeownership in 2001, leading to an increase in the number of sales over 2000. Listings have increased in the two largest centres, but many of these listings are higher-priced properties rather than modest, first-time buyer homes. The resulting scarcity of good quality, moderately-priced homes will persist in urban Saskatchewan resale markets and limit total transactions near the 7,700 mark in 2002.

Prices: A shift toward higher-priced properties will lift resale prices about five per cent in 2002. Rising prices in resale markets will allow seniors and empty-nesters to realize the equity on their existing home and purchase a condominium or a life-lease unit.

Spotlight on RENTAL MARKETS

According to CMHC's October 2001 rental market survey, the average vacancy rate rose in almost all communities. The rise showed the impact of out-migration of highly-mobile, young people from the province's cities as a result of job losses. The rise also reflected rental households moving into home ownership.

Despite the recent rise, the average vacancy rate is expected to remain low as job opportunities improve and households migrate from rural to urban communities.

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Manitoba

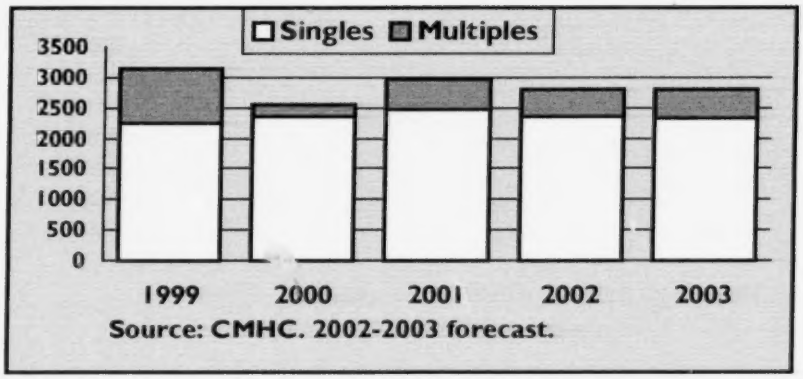
Overview

Housing markets to remain stable

Due to reduced demand from the United States for Manitoba's products, economic growth in the province has slowed dramatically. Weaker economic growth resulted in reduced job growth. Total employment in 2001 increased by a marginal 0.4 per cent.

Economic growth is not expected to pick up steam until late 2002 with the rebound in the North American economy. Therefore, job gains over the forecast period will be more modest than the average of the past five years. By the end of 2003, the total number of jobs will increase by about 11,000 and the unemployment rate will remain below the five per cent mark. Moreover, over 80 per cent of the workers between the ages of 25 and 44 (the prime home buying years) will continue to have a full time job.

Manitoba Starts



Source: CMHC. 2002-2003 forecast.

Unlike Ontario and Alberta, Manitoba does not experience a signficant amount of increase in population through interprovincial or international migration. As a result, much of the demand for housing in the province is generated from the existing population base.

Given the demographic make-up of the province, most of the positive impact of a low unemployment rate and low mortgage rates will be felt in the single-detached market. Sustained demand from first-time and move-up buyers will allow the resale markets to maintain their strong performance. On the new home front, annual starts will remain stable around the 2,800 level over the next two years.

In Detail

Single Starts: In response to a lack of supply in the resale market and low mortgage rates, many move-up buyers will be considering the new home market for their future housing needs. Look for single starts to remain stable at nearly 2,400 units in 2002 and 2003.

Multiple Starts: The majority of Manitoba's multiple-family housing units are destined for the condominium and life-lease markets. Historically, multiple-family construction has been prone to large bouts of volatility. However, CMHC expects multiple-family starts to remain stable over the next two years. In 2002 and 2003, 440 and 480 new multiple-family starts respectively are anticipated in response to the demand of Manitoba's ageing population.

Resales: In spite of historically low levels of listings, the resale market will continue to record high levels of sales. MLS sales in Manitoba are expected to plateau at 11,600 sales in 2002 and 2003. Furthermore, shortages of good-quality homes will result in some demand spillover to the new home market.

Prices: Tight rental market conditions will encourage renters to look at home ownership. Therefore, average price gains may be moderated by an increase in first-time home buyers. However, strong demand and limited supply will put continued upward pressure on house prices over the next two years. CMHC expects price growth of about four per cent per annum over the next two years.

Spotlight on RENOVATION

The strong performance of Winnipeg's resale market will spur renovation spending in Manitoba to reach $596 million in 2002. In addition, tight resale market conditions combined with increasing prices of new and existing homes will encourage households to undertake renovation work as opposed to buying another home.

Furthermore, the ageing of Manitoba's housing stock will continue to support high demand for renovation work which accounts for 63 per cent of all residential construction expenditures.

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Ontario

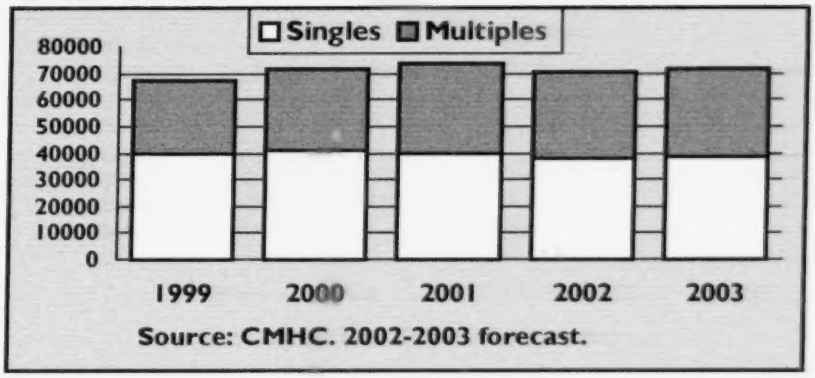
Overview

Expect home construction to dip

Home starts in 2001 hit a 12 year record. Low mortgage rates and high immigration levels boosted home starts from 71,521 in 2000 to 73,282 in 2001. House prices continue to rise and existing home sales are at an all-time high. Economic sluggishness will nudge home sales and construction moderately lower in 2002 before modest gains follow in 2003.

People are the key to housing demand and the largest component of population growth is immigration. Immigration to Ontario has been exceptionally strong in 2001with most immigrants coming to Toronto's established ethnic and social networks. It remains to be seen, however, what effect September 11 will have on immigration. At this point, it is reasonable to think that immigration will be down from last year.

Ontario Starts



Source: CMHC. 2002-2003 forecast.

Employment, another important housing demand variable, has been at a standstill throughout 2001. Losses in the 25 to 44 year age group nibbled away at the pool of future home-buyers. Lower goods demand from a shrinking United States economy and a poor showing in Ontario's leading indicators suggest employment weakness at the start of 2002. Economic stimulus from low interest rates and a low Canadian dollar will eventually lift the provincial economy -- and with it the demand for homes.

In Detail

Single Starts: Single detached homes are the most popular and expensive home type. Starts of single family homes will edge lower as rising home prices make multiple family homes a more and more affordable substitute.

Multiple Starts: Row home construction in both the condominium and homeowner categories will dip slightly in 2002 in the face of a stalled economy. Rental starts will be low by historical standards. They will receive a boost from government assistance to affordable rental projects and from demand from a growing renter aged population in a low vacancy environment.

Resales: Low mortgage rates and mild fall weather pushed home sales to a new record. Consumer caution will move 2002 home sales lower. Economic growth will nudge sales in 2003 higher.

Prices: Leading home price indicators, such as the sales-to-new listings ratios, imply that most of the province's resale markets are balanced to tight. Home prices will continue to grow, but will grow at a slower pace as the economy cools.

Spotlight on RENTAL MARKETS

Ontario's vacancy rate is slightly higher

A slight increase in Ontario's average vacancy rate this year ended a streak of four consecutive years of declines. Ontario's vacancy rate in apartment structures with three units or more inched up to 1.7 per cent in October 2001 from 1.6 per cent a year ago.

Ontario's average rent has outpaced inflation. The average rent for a two bedroom apartment rose by 4.1 per cent, more than double October's 1.9 per cent Consumer Price Index inflation rate.

Kitchener, Ottawa and Toronto are Ontario's hottest rental markets, with two bedroom unit vacancy rates of 0.6, 0.8 and 0.8 respectively. Thunder Bay and Sudbury are the province's and Canada's coolest rental markets. The most rapid rent increases were in Kingston, Ottawa and Toronto -- markets with low vacancies.

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Quebec

Overview

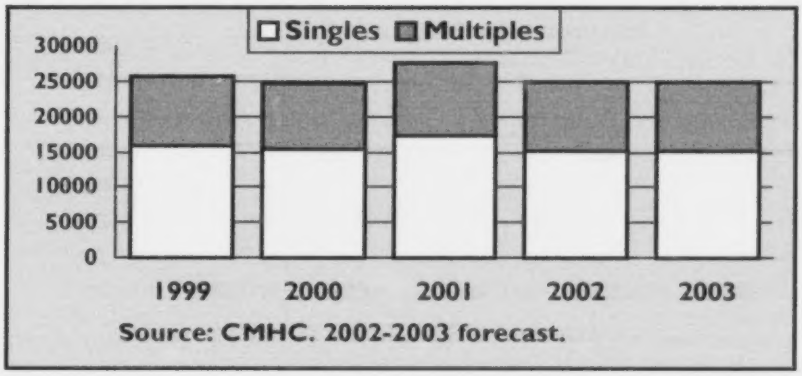
Starts to decrease in 2002 and stabilize in 2003

The North American economic slowdown will bring about a decline in housing starts in 2002. This year and next year, 25,000 new housing units will be started in Quebec, compared to 27,682 in 2001.

Firmly integrated in the North American economy through its external trade, Quebec will suffer from the sluggishness of its major export markets. As a result, we expect the GDP to grow by just 0.6 per cent in 2002 and 2.8 per cent in 2003. The unemployment rate will climb to 9.1 per cent in 2002, before going back down to 8.8 per cent in 2003.

The Quebec economy is in a much better position than in the early 1990s because of increased exports of products that are less sensitive to economic cycles. In addition, healthier public finances enabled Quebec to adopt a more stimulative budget this past November, without forgoing a balanced budget. In short, a lighter tax burden and easing interest rates will buoy consumption among Quebec households. Major public work projects will also support economic activity until exports start picking up again, later in 2002 and 2003.

Quebec Starts



Source: CMHC. 2002-2003 forecast.

In Detail

Single Starts: The single-detached home building segment will be the hardest hit by the economic slowdown, absorbing the bulk of the downturn in starts. We forecast that single starts will fall to 15,200 units this year and next, compared to 17,193 in 2001.

Multiple Starts: The number of multiple starts in 2002 and 2003 will remain essentially unchanged from 2001, thereby withstanding the deterioration of labour market conditions. Given their greater homeownership affordability, semi-detached and row homes and condominium apartments will remain popular among buyers who must contend with a resale market where moderately priced, quality properties are selling fast.

In addition, the low vacancy rate (1.3 per cent) observed in Quebec is making homeownership more attractive given the very low mortgage rates. This being said, rental housing construction will also be supported by the introduction of the government's affordable housing program.

Resales: The year 2001 was a record year for resale transactions. About 62,000 transactions were recorded, for an increase of 14.6 per cent over 2000. As time goes by, a strong demand on the existing home market leads to a reduction in the number of properties for sale, which limits the potential level of transactions. In 2002 and 2003, transactions will reach 58,500 and 59,000 units, respectively. The resale market remains very robust given the low rental vacancy rate and low mortgage rates.

Prices: The resale market will be increasingly favourable to sellers, especially in the **Montréal** and **Gatineau** areas, creating upward pressure on the average price of existing homes. Following an increase of 4.1 per cent in 2001, the average resale price will rise by about 2.5 per cent both this year and next.

Spotlight on EMPLOYMENT

Despite the difficult economic conditions in North America and the drop in the global prices of raw materials, Quebec had 58,000 more jobs in November 2001 than in November 2000, for an increase of 1.7 per cent. So far, this performance contrasts with the economic slowdown phases registered in the early 1980s and 1990s, which had been marked by significant job losses.

The transformation of Quebec's manufacturing sector toward higher value-added sectors and the modernization of its traditional sectors to meet the demands of globalization are now making it possible to lessen the negative impacts on employment. As a result, in November 2001, the employment level in Quebec's manufacturing sector had gone up by 33,100 jobs over one year, representing a gain of 5.4 per cent.

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New Brunswick

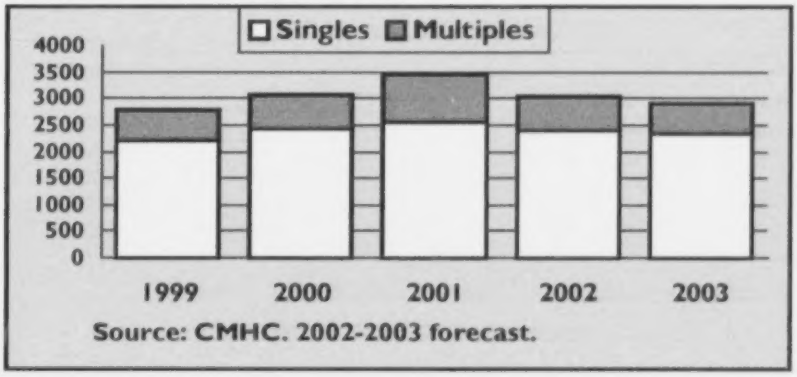
Overview

Residential construction remains strong

The completion of a number of capital projects coupled with softer U.S. export demand will significantly affect New Brunswick's economic growth in 2002. The province's petroleum and forest products as well as base metals exports are dependent upon the strength of the U.S. as more than 80 per cent of New Brunswick shipments are sent across the American border. As a result, expect GDP to moderate to a 0.7 per cent growth rate in 2002 before rising to 2.4 per cent the following year.

Inter-provincial migration will also suffer as workers continue to leave southern New Brunswick. However, a rise in immigration will outweigh inter-provincial out-migration. Net migration will therefore remain positive in 2002, but will not match the 2001 levels.

New Brunswick Starts



Source: CMHC. 2002-2003 forecast.

Employment growth will be nil in 2002. Employment will only start to expand again in 2003 with a 1.5 per cent growth. The labour force will expand at a faster pace than employment this year, causing the unemployment rate to rise to 12 per cent before dropping to under 12 per cent in 2003.

Despite a slowdown in economic and employment growth, the demand for housing remains strong. A shortage of rental units in **Fredericton** and **Moncton** will continue to support strong multiple starts in 2002. Total starts will reach 3,050 and 2,900 units in 2002 and 2003 respectively.

In Detail

Single Starts: Residential activity in 2002 is expected to remain close to 2001 levels as potential buyers will take advantage of the current 40-year low mortgage rates. Construction of single-family homes will be particularly strong in **Greater Moncton** and in rural areas. Single starts will then slowdown in 2003. Our current forecast indicates 2,400 and 2,325 single starts in 2002 and 2003 respectively.

Multiple Starts: Near record low vacancy levels in **Fredericton** and **Moncton** have stimulated the construction of multiple dwellings. As a result, multiple starts in 2001 rose to the highest level since 1993. Construction activity will decline relative to this peak over the forecast period but remain strong in historical terms.

Resales: A slow start in new home construction in early 2001 combined with low mortgage rates has helped MLS sales to reach another record year. However, the strong sales in 2001 have absorbed a fair share of the listings inventory, in **Greater Moncton** in particular. As a result, expect MLS sales to decline slightly to 4,650 units in 2002 before rising slightly to 4,700 units in 2003.

Prices: An increased number of higher priced homes sales will push the average sale price to $98,000 and $97,500 in 2002 and 2003 respectively.

Spotlight on RURAL AREAS

Construction activity in rural areas of the province has remained strong over the last few years. A large number of people have moved closer to relatives and services in larger N.B. urban centres. However, many have chosen locations just outside Census Area limits. Furthermore, high levels of migrants are moving away from larger centres, such as Toronto, to build their retirement home along the coast. The influx of people in growing communities near the larger centres has stimulated housing demand. In 2001, multiple starts in rural areas have reached one of the highest levels in 10 years.

An increasing number of people will decide to commute to work due to improved accessibility to larger centres with the new highways. Expect rural starts to remain strong over the next several years.

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Nova Scotia

Overview

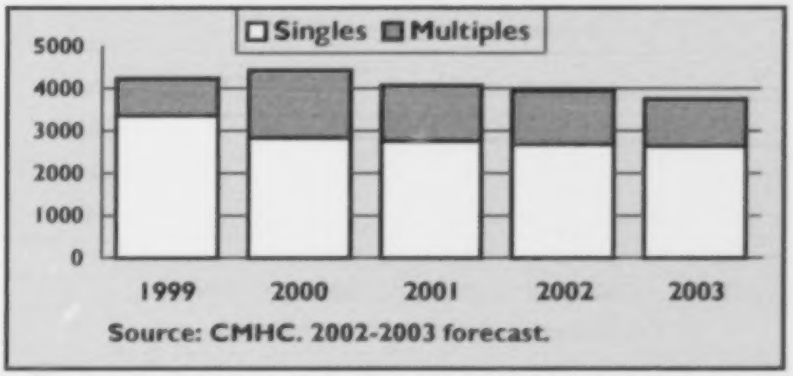
Low mortgage rates stimulate housing demand despite economic doldrums

Despite what is forecast to be the second consecutive year of sluggish economic growth and weak labour markets in Nova Scotia, historically low mortgage rates are expected to continue to sustain housing demand well into this year. As a result, the provincial housing market is forecast to post a broad, but shallow contraction in 2002.

Weakness in the North American economy and shaky consumer confidence are expected to continue through the first half of this year, limiting prospects for a strong economic recovery in Nova Scotia in 2002. However, offshore oil and gas exploration is set to expand as the year progresses, and the $1 billion Pan Canadian Deep Panuke project is scheduled to begin construction around midyear. This activity will kickoff what is expected to be a prolonged period of economic and employment growth in the province which is forecast to accelerate sharply in 2003.

Consequently, single and multiple starts as well as MLS sales are forecast to decline in 2002 in conjunction with anticipated slower price growth but stabilize somewhat in 2003.

Nova Scotia Starts



Source: CMHC. 2002-2003 forecast.

In Detail

Single Starts: Single-detached housing starts are forecast to decline 9 per cent in 2002, marking the third consecutive year of falling single family home building activity. Tight construction labour market conditions and changes in the provincial New Home Harmonized Sales Tax Rebate Program will contribute to further increases in builders' costs this year, which is expected to discourage the growing but price sensitive first-time buyer demand segment.

Multiple Starts: After returning to a more typical and sustainable level of activity in 2001, multiple starts are expected to stabilize this year. While a decline in rental vacancy rates in urban centres across the province in 2001 is expected to result in a sustained level of new rental development, continuing low mortgage rates will encourage many developers to introduce new condominium and townhouse projects, especially in **Metro Halifax.**

Resales: After a record setting year of more than 9,000 MLS sales in 2001, existing home sales are forecast to slip 4 per cent in 2002 as overall housing demand declines in tandem with sagging economic growth and weak employment gains this year.

Prices: Average price growth is forecast to moderate to about two per cent in 2002 as first-time home buyers are expected to comprise a growing share of overall housing demand. Although the provincial average price will increase at a more moderate pace, a shortage of existing homes for sale will still allow sellers market conditions to prevail in some key markets.

Spotlight on OFFSHORE ENERGY

The offshore oil and gas industry in Nova Scotia is in the nascent stages, but it has the potential to be a major long-term economic stimulus and job creator if further large energy deposits are found in addition to those currently being developed by the $3 billion Sable Gas Project and the $1 billion Deep Panuke Project.

The total outstanding work expenditure bids for all current exploration licenses exceeds $1 billion - a strong indication that the energy industry is confident that there are substantial resources yet to be located. Conservative estimates of natural gas reserves alone range from 20 to 40 trillion cubic feet. If realized, this would stimulate a substantial increase in investment and jobs.

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P.E.I.

Overview

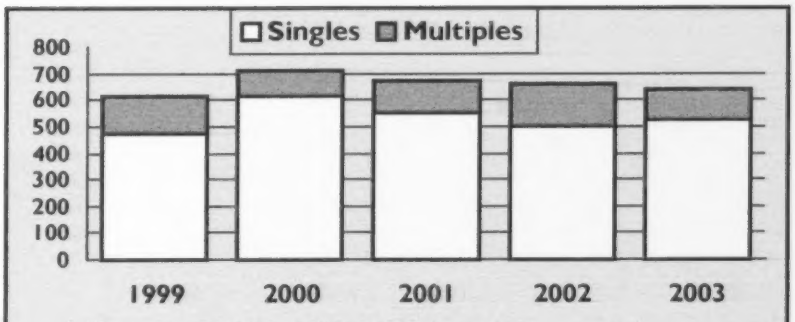
Non-residential construction spending helps sustain housing activity.

The rate of economic growth in P.E.I. is expected to slow in 2002, before rebounding slightly in 2003. The P.E.I. economy had a number of setbacks in 2001 which will continue to be felt in 2002. These include the near-drought-like conditions for the potato farmers, which cut their yields by 40%, the 10% decrease in fish quotas, the events of September 2001, and a decrease in international exports due to the slowdown in the North American economy. However, the high levels of non-residential construction that will continue into 2002 are offsetting these factors.

Employment growth on the Island is expected to remain positive over the next two years but to be more moderate than in the last two years. The majority of this job growth will come from the construction and service sectors of the economy. The large gains in the construction industry from 2001will remain throughout 2002 as most of the large construction projects will run into this year. As well, most of the newly created full-time positions will be in the service sector in 2002 and in 2003 - a sign of the Island's diversifying economy.

The slower job growth will translate into fewer housing starts over the forecast period. In 2002, a decrease in single starts will be only partly offset by an increased level of multiple starts, especially in the **Charlottetown** area.

P.E.I. Starts



Source: CMHC. 2002-2003 forecast.

In Detail

Single Starts: The construction of single-family homes is expected to drop to 500 units in 2002, despite the attractive interest rates currently being offered. However, with improving consumer confidence and a stronger economy, single starts are expected to increase slightly in 2003.

Multiple Starts: The low vacancy rate on the Island during the past few years, especially in urban centres, has not yet been enough to convince developers to build new projects. As a result, multiple starts are expected to increase only slightly to 160 units in 2002 before falling back to 115 units in 2003.

Resales: With attractive interest rates and a strong demand for existing homes, the resale market is expected to continue to do well over the forecast period. The only limiting factor may be the limited number of moderately priced homes available for sale. As a result, MLS sales are expected to decrease slightly in 2002, before increasing again in 2003.

Prices: The continued strong demand for existing homes in the urban areas of the province will cause the average sales price to rise by about one per cent per year to $89,500 by the end of 2003.

Spotlight on CHARLOTTETOWN CONDO MARKET

As the Charlottetown real estate market matures, the number of housing options that it offers will increase. It now appears that some developers believe that this market is ready for condominium development. Currently the Charlottetown area has a very limited number of condo units in its real estate portfolio and most of these are in the low to middle of the price range.

The most recent developments in the Charlottetown area, indicate that developers believe that the time is right for a high-end condo project. Any new large scale condo project would be a first in this area, and if successful, may start a trend for future development. These projects will most likely be targeted to young professional and seniors, who tend to enjoy the advantages of condominium ownership.

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Newfoundland and Labrador

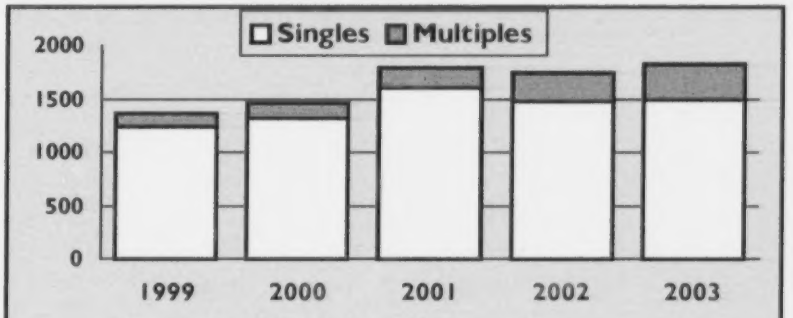
Overview

Economic growth to lead the nation in 2002 - Housing markets to remain active

The outlook for ongoing expansion in oil production remains the major factor underpinning the positive economic picture in coming years. Following some setbacks last year, Hibernia is expected to return to full production. When combined with the start of production at Terra Nova, the energy sector will be the catalyst to the sustained economic upturn. The energy sector will also be bolstered by commencement of the White Rose oil project. While White Rose will provide some stimulus this year, most spin-offs will occur between 2003-2005 as its construction phase gains momentum. Growth in service based industries, and in particular retail trade, will continue, albeit at reduced levels from those achieved in recent years. On the downside, sluggish demand and high inventory levels will hold back activity in mining and forestry. This will limit opportunities for a sustained recovery in many rural economies.

Job gains are expected to moderate from their recent strong pace, advancing between one and two per cent this year and next. When combined with income growth and low interest rates, demand for housing will remain at high levels. While out migration will result in further population declines, the rate of loss will slow as weaknesses in other parts of Canada keep more people at home and force others to return to the province.

Newfoundland Starts



Source: CMHC. 2002-2003 forecast.

In Detail

Single Starts: Following substantial growth last year, single-detached starts are expected to decline slightly in 2002 . Despite the decline, single starts will still post their second best performance since 1994. Consumer uncertainty, modest employment growth and a gradual shift towards the purchase of more affordable townhouse style housing will moderate singles activity in the near term. Underlying weakness in resource industries will also limit further gains in rural areas in coming years. Expect modest growth in 2003 in line with stronger employment and income growth.

Multiple Starts: With a number of rental markets under supplied and the population continuing to age, expect multiple starts to be the major source of growth over the medium term. While tight rental markets will stimulate new investment in apartment projects, ongoing demand for the purchase of townhouses and apartment style condominiums will also boost multiple unit construction. Expectations that public sector investment in affordable housing will increase should also bolster multiple starts.

Resales: Low interest rates and strong economic conditions will keep activity at high levels in 2002-2003.

Prices: With sales activity brisk and listings remaining tight, the average MLS price will maintain its upward trend in 2002 and 2003.

Spotlight on the RENTAL MARKETS

Rental demand within provincial urban centres increased significantly in 2001, with vacancy rates falling from the year before. Unlike recent years, the improved performance was widespread as all markets experienced a decline in vacancy rates over the past 12 months. The healthy improvement in rental market performance largely reflects healthy employment growth in urban centres as well as the virtual collapse in new construction in recent years.

Within the St. John's region, the vacancy rate fell to 2.5 per cent. This marked the fourth consecutive year of decline with the vacancy rate falling to its lowest level since 1990. Falling vacancy rates, rising rents and strong household demand are among several factors pointing to a recovery in the rental construction sector over the next 12 to 24 months.

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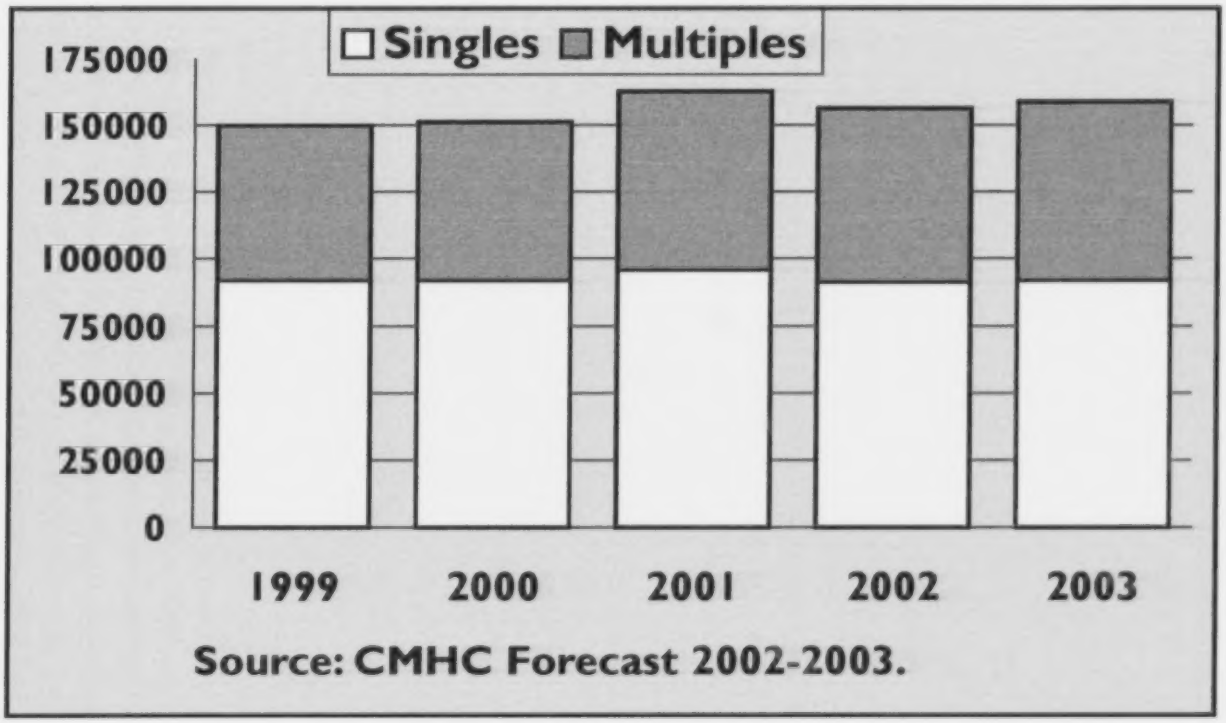
Canada Starts



Total Housing Starts
(units and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1696	1450	1371	1459	1788	1750	1825
%	-16.6	-14.5	-5.4	6.4	22.5	-2.1	4.3
PEI	470	524	616	710	675	660	640
%	-15.2	11.5	17.6	15.3	-4.9	-2.2	-3.0
NS	3813	3137	4250	4432	4092	3950	3750
%	-6.1	-17.7	35.5	4.3	-7.7	-3.5	-5.1
NB	2702	2447	2776	3079	3462	3050	2900
%	-0.7	-9.4	13.4	10.9	12.4	-11.9	-4.9
QUE	25896	23138	25742	24695	27682	25000	25000
%	11.5	-10.7	11.3	-4.1	12.1	-9.7	0.0
ONT	54072	53830	67235	71521	73282	70500	72000
%	25.6	-0.4	24.9	6.4	2.5	-3.8	2.1
MAN	2612	2895	3133	2560	2963	2800	2800
%	12.7	10.8	8.2	-18.3	15.7	-5.5	0.0
SASK	2757	2965	3089	2513	2381	2525	2620
%	13.1	7.5	4.2	-18.6	-5.3	6.0	3.8
ALTA	23671	27122	25447	26266	29174	27500	27700
%	42.0	14.6	-6.2	3.2	11.1	-5.7	0.7
BC	29351	19931	16309	14418	17234	18400	20000
%	6.2	-32.1	-18.2	-11.6	19.5	6.8	8.7
CAN	147040	137439	149968	151653	162733	*156100	*159200
%	17.9	-6.5	9.1	1.1	7.3	-4.1	2.0

Source: CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

Single-detached Starts
(units and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1220	1086	1233	1315	1598	1475	1500
%	-12.5	-11.0	13.5	6.7	21.5	-7.7	1.7
PEI	374	387	472	614	551	500	525
%	-13.0	3.5	22.0	30.1	-10.3	-9.3	5.0
NS	2939	2257	3345	2856	2761	2675	2625
%	-10.3	-23.2	48.2	-14.6	-3.3	-3.1	-1.9
NB	2125	1989	2201	2442	2573	2400	2325
%	-2.2	-6.4	10.7	10.9	5.4	-6.7	-3.1
QUE	16073	14685	15798	15349	17193	15200	15200
%	8.5	-8.6	7.6	-2.8	12.0	-11.6	0.0
ONT	35401	32737	39421	41087	39632	38000	38100
%	31.0	-7.5	20.4	4.2	-3.5	-4.1	0.3
MAN	2019	2368	2231	2348	2460	2360	2320
%	7.7	17.3	-5.8	5.2	4.8	-4.1	-1.7
SASK	1954	2154	2070	1890	1627	1850	1920
%	21.2	10.2	-3.9	-8.7	-13.9	13.7	3.8
ALTA	18170	20077	16688	16835	19769	18500	18700
%	40.3	10.5	-16.9	0.9	17.4	-6.4	1.1
BC	12911	8691	8731	7448	7862	8100	8500
%	3.7	-32.7	0.5	-14.7	5.6	3.0	4.9
CAN	93186	86431	92190	92184	96026	*91100	*91700
%	19.5	-7.2	6.7	-0.0	4.2	-5.1	0.7

Source: CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

Multiple Starts
(units and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	476	364	138	144	190	275	325
%	-25.5	-23.5	-62.1	4.3	31.9	44.7	18.2
PEI	96	137	144	96	124	160	115
%	-22.6	42.7	5.1	-33.3	29.2	29.0	-28.1
NS	874	880	905	1576	1331	1275	1125
%	11.9	0.7	2.8	74.1	-15.5	-4.2	-11.8
NB	577	458	575	637	889	650	575
%	5.1	-20.6	25.5	10.8	39.6	-26.9	-11.5
QUE	9823	8453	9944	9346	10489	9800	9800
%	16.9	-13.9	17.6	-6.0	12.2	-6.6	0.0
ONT	18671	21093	27814	30434	33650	32500	33900
%	16.4	13.0	31.9	9.4	10.6	-3.4	4.3
MAN	593	527	902	212	503	440	480
%	33.9	-11.1	71.2	-76.5	137.3	-12.5	9.1
SASK	803	811	1019	623	754	675	700
%	-2.8	1.0	25.6	-38.9	21.0	-10.5	3.7
ALTA	5501	7045	8759	9431	9405	9000	9000
%	48.0	28.1	24.3	7.7	-0.3	-4.3	0.0
BC	16440	11240	7578	6970	9372	10300	11500
%	8.2	-31.6	-32.6	-8.0	34.5	9.9	11.7
CAN	53854	51008	57778	59469	66707	*65100	*67500
%	15.3	-5.3	13.3	2.9	12.2	-2.4	3.7

Source: CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

Multiple Housing Starts by Type

		1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NF	Semi-detached	158	163	50	44	30	50	50
	Row	18	20	9	23	36	50	50
	Apartment	300	181	79	77	124	175	225
	Total	476	364	138	144	190	275	325
PEI	Semi-detached	12	28	32	46	56	45	40
	Row	43	10	31	21	10	25	30
	Apartment	41	99	81	29	58	90	45
	Total	96	137	144	96	124	160	115
NS	Semi-detached	303	290	218	266	228	240	250
	Row	58	89	29	17	40	60	100
	Apartment	513	501	658	1293	1063	975	775
	Total	874	880	905	1576	1331	1275	1125
NB	Semi-detached	106	106	134	113	114	140	100
	Row	132	89	94	26	153	80	75
	Apartment	339	263	347	498	622	430	400
	Total	577	458	575	637	889	650	575
QC	Semi-detached	2767	1930	1586	1291	1309	1250	1250
	Row	1433	1074	1184	858	869	650	650
	Apartment	5623	5449	7174	7197	8311	7900	7900
	Total	9823	8453	9944	9346	10489	9800	9800
ON	Semi-detached	4299	4575	6445	7167	7106	7900	8100
	Row	9964	10073	10425	10846	10269	8400	9000
	Apartment	4408	6445	10944	12421	16275	16200	16800
	Total	18671	21093	27814	30434	33650	32500	33900
MAN	Semi-detached	143	131	90	52	51	85	90
	Row	96	81	151	63	84	65	85
	Apartment	354	315	661	97	368	290	305
	Total	593	527	902	212	503	440	480
SK	Semi-detached	160	174	155	148	116	163	142
	Row	352	222	104	173	240	162	168
	Apartment	291	415	760	302	398	350	390
	Total	803	811	1019	623	754	675	700
ALB	Semi-detached	1458	1428	1570	1518	1957	1800	1800
	Row	1691	1512	1424	1545	1779	1650	1650
	Apartment	2352	4105	5765	6368	5669	5550	5550
	Total	5501	7045	8759	9431	9405	9000	9000
B.C.	Semi-detached	1979	1218	816	885	916	950	1000
	Row	3469	2117	1444	1675	1686	1750	2000
	Apartment	10992	7905	5318	4410	6770	7600	8500
	Total	16440	11240	7578	6970	9372	10300	11500
CAN	Semi-detached	11385	10043	11096	11530	11883	*12600	*12800
	Row	17256	15287	14895	15247	15166	*12900	*13800
	Apartment	25213	25678	31787	32692	39658	*39600	*40900
	Total	53854	51008	57778	59469	66707	*65100	*67500

Source: CMHC Forecast 2002-2003.
* Total does not add due to rounding.

Multiple Housing Starts by Area and Tenure

		Centres 10,000 population and over							
		Rental/Co-op		Total			Total	Other	All Areas
		Private	Assisted	Rental	Condo	Other*	10,000+	Areas	Total
NFLD	2001	14	0	14	40	118	172	8	190
	2002	100	50	150	50	55	255	20	275
	2003	75	100	175	80	50	305	20	325
PEI	2001	48	0	48	0	30	78	18	124
	2002	90	0	90	40	0	130	30	160
	2003	80	0	80	0	0	80	35	115
NS	2001	600	0	600	320	166	1086	164	1331
	2002	600	0	600	375	150	1125	150	1275
	2003	450	0	450	400	125	975	150	1125
NB	2001	461	0	461	116	130	707	163	889
	2002	310	0	310	100	140	550	100	650
	2003	325	0	325	75	100	500	75	575
QUE	2001	4026	0	4026	4163	1630	9819	354	10489
	2002	3850	0	3850	3750	1550	9150	650	9800
	2003	3850	0	3850	3750	1550	9150	650	9800
ONT	2001	2627	89	2716	16649	14161	33526	100	33650
	2002	3900	0	3900	15000	13500	32400	100	32500
	2003	4300	0	4300	15400	14100	33800	100	33900
MAN	2001	192	0	192	79	8	279	219	503
	2002	155	0	155	230	15	400	40	440
	2003	155	0	155	230	15	400	80	480
SASK	2001	38	0	38	605	31	674	77	754
	2002	60	0	60	490	50	600	75	675
	2003	70	0	70	505	50	625	75	700
ALTA	2001	2470	0	2470	5325	770	8565	521	9405
	2002	1750	0	1750	5350	700	7800	1200	9000
	2003	1800	0	1800	5450	600	7850	1150	9000
BC	2001	2307	1605	3912	4285	889	9086	250	9372
	2002	1800	100	1900	7200	700	9800	500	10300
	2003	1700	0	1700	8400	700	10800	700	11500
CAN	2001	12783	1694	14477	31582	17933	63992	1874	65866
	2002	12615	150	12765	32585	16860	62210	2865	**65100
	2003	12805	100	12905	34290	17290	64485	3035	**67500

Source: CMHC Forecast 2002-2003.
* Includes homeowner and unclassified units.
** Total does not add due to rounding.

MLS Total Residential Sales
(units and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	2170	2288	2437	2593	2808	2750	2775
%	8.2	5.4	6.5	6.4	8.3	-2.1	0.9
PEI	806	1125	1184	1206	1234	1100	1200
%	7.5	39.6	5.2	1.9	2.3	-10.9	9.1
NS	7567	8052	8827	8429	9268	8900	8500
%	-9.6	6.4	9.6	-4.5	10.0	-4.0	-4.5
NB	3941	3908	4080	4524	4779	4650	4700
%	-2.0	-0.8	4.4	10.9	5.6	-2.7	1.1
QUE	43463	45192	49792	53755	61620	58500	59000
%	11.1	4.0	10.2	8.0	14.6	-5.1	0.9
ONT	140608	138463	148659	147158	162320	153500	154000
%	1.9	-1.5	7.4	-1.0	10.3	-5.4	0.3
MAN	11180	10762	11111	10612	11440	11600	11600
%	2.0	-3.7	3.2	-4.5	7.8	1.4	0.0
SASK	8346	8068	8053	7552	7971	7700	7800
%	-3.9	-3.3	-0.2	-6.2	5.5	-3.4	1.3
ALTA	43693	43383	42684	43311	48989	46950	47500
%	16.6	-0.7	-1.6	1.5	13.1	-4.2	1.2
BC	68182	52910	58084	54179	69430	72800	73000
%	-5.5	-22.4	9.8	-6.7	28.1	4.9	0.3
CAN	329956	314151	334911	333319	379859	*368500	*370100
%	2.6	-4.8	6.6	-0.5	14.0	-3.0	0.4

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

MLS Average Residential Price
(dollars and annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	92226	91514	94359	99525	104376	105500	107500
%	-1.5	-0.8	3.1	5.5	4.9	1.1	1.9
PEI	86403	79577	82139	82884	87696	88750	89500
%	3.0	-7.9	3.2	0.9	5.8	1.2	0.8
NS	96693	97015	102628	110269	116052	118500	119750
%	3.5	0.3	5.8	7.4	5.2	2.1	1.1
NB	87204	86648	88072	91624	95947	98000	97500
%	3.6	-0.6	1.6	4.0	4.7	2.1	-0.5
QUE	101715	103947	107501	111260	115865	118900	121900
%	3.3	2.2	3.4	3.5	4.1	2.6	2.5
ONT	164382	167115	174049	183841	193356	198200	203000
%	5.6	1.7	4.1	5.6	5.2	2.5	2.4
MAN	85404	86419	84525	87884	93192	96500	100000
%	0.1	1.2	-2.2	4.0	6.0	3.5	3.6
SASK	83978	87577	91396	94047	98310	103500	106500
%	8.4	4.3	4.4	2.9	4.5	5.3	2.9
ALTA	124865	132905	139621	146258	153737	159000	165500
%	6.1	6.4	5.1	4.8	5.1	3.4	4.1
BC	220512	212046	215283	221371	222984	224600	227000
%	0.8	-3.8	1.5	2.8	0.7	0.7	1.1
CAN	154644	152402	158126	164129	171968	*176400	*180400
%	2.5	-1.4	3.8	3.8	4.8	2.6	2.3

Source: Canadian Real Estate Association and Real Estate Board of the Fredericton Area Inc.,
CMHC Forecast 2002-2003.
(F) Forecast.
* Total does not add due to rounding.

Employment (annual per cent change)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	1.2	2.6	5.5	-0.2	3.3	1.0	1.5
PEI	0.5	1.9	1.5	5.3	2.0	0.5	1.3
NS	1.6	3.8	2.4	2.7	0.9	0.7	2.7
NB	1.5	2.3	3.3	1.8	0.0	-0.0	1.5
QUE	1.6	2.7	2.3	2.4	1.1	-0.1	1.3
ONT	2.6	3.3	3.6	3.2	1.5	0.3	1.7
MAN	1.3	1.9	1.3	2.2	0.6	1.0	1.0
SASK	2.7	1.3	0.8	1.0	-2.6	1.0	1.0
ALTA	3.5	3.9	2.5	2.3	2.8	1.8	2.0
BC	2.6	0.1	1.9	2.2	-0.3	0.4	2.2
CAN	2.3	2.7	2.8	2.6	1.1	0.4	1.7

Source: Statistics Canada, CMHC Forecast 2002-2003.
(F) Forecast.

Unemployment Rate (per cent)

	1997	1998	1999	2000	2001	2002 (F)	2003 (F)
NFLD	18.6	18.0	16.9	16.7	15.5	15.5	16.1
PEI	15.4	13.9	14.4	12.0	11.9	12.3	12.3
NS	12.1	10.5	9.6	9.1	9.7	10.1	9.7
NB	12.7	12.2	10.2	10.0	11.2	12.0	11.8
QUE	11.4	10.3	9.3	8.4	8.7	9.0	8.7
ONT	8.4	7.2	6.3	5.7	6.4	7.3	7.4
MAN	6.5	5.5	5.6	4.9	5.0	4.9	4.8
SASK	5.9	5.8	6.1	5.2	5.8	5.8	5.8
ALTA	5.8	5.6	5.7	5.0	4.6	4.6	4.6
BC	8.4	8.8	8.3	7.2	7.6	8.4	7.6
CAN	9.1	8.3	7.6	6.8	7.2	7.8	7.6

Source: Statistics Canada, CMHC Forecast 2002-2003.
(F) Forecast.

Real Gross Domestic Product (annual per cent change)

	1997	1998	1999	2000	2001 (E)	2002 (F)	2003 (F)
NFLD	1.1	7.8	6.7	5.6	1.8	4.5	3.5
PEI	-0.3	5.6	3.8	3.0	1.9	1.7	2.3
NS	3.3	3.4	5.7	2.3	1.2	1.2	3.8
NB	0.9	3.5	4.6	1.8	1.2	0.7	2.4
QUE	3.5	3.4	5.2	4.3	0.7	0.6	2.8
ONT	4.9	4.8	7.4	5.3	1.7	1.0	3.4
MAN	4.2	4.3	2.7	2.8	1.6	1.5	2.5
SASK	5.5	2.9	1.2	3.2	0.8	1.0	2.0
ALTA	7.5	4.5	1.9	5.6	3.9	2.5	3.3
BC	3.4	1.7	2.8	3.9	0.8	0.9	3.0
CAN	4.3	3.9	5.1	4.4	1.4	1.3	3.2

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2002-2003.
(E) Estimate. (F) Forecast.

Total Net Migration* (persons)

	1997	1998	1999	2000	2001 (E)	2002 (F)	2003 (F)
NFLD	-8414	-7751	-2316	-3341	-3000	-2750	-2500
PEI	-232	117	882	403	350	250	400
NS	527	222	3012	990	100	500	2000
NB	-1223	-2257	1068	866	600	400	850
QUE	-1981	1637	5788	3486	2200	1200	1000
ONT	93877	71339	96598	123772	145000	130000	120000
MAN	-4179	-1629	1272	752	100	100	100
SASK	-1473	-952	-4913	-7350	-11000	-9000	-7000
ALTA	40645	45626	20402	30121	36500	32400	29400
BC	44614	11166	24512	17892	29000	33000	38000
CAN**	162161	117518	146305	167591	199850	186100	182250

Source: Statistics Canada, CMHC Estimate 2001, CMHC Forecast 2002-2003.
(F) Forecast.
* Sum of interprovincial migration, international migration, and non-permanent residents.
** Excludes Yukon, Northwest Territories, and Nunavut.

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index, annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate structures of 3 units +
Victoria	2001	1,264	631	0.5	5,520	259,500	A	0.5
	2002(F)	1,160	655	2.7	5,720	264,000	A	1.0
	2003(F)	1,300	700	3.4	5,400	270,000	A	0.7
Vancouver	2001	10,862	3,512	1.8	28,000	370,000	A	1.0
	2002(F)	12,200	3,800	2.0	29,000	374,000	A	1.2
	2003(F)	13,000	4,000	2.2	29,500	375,000	A	1.2
Abbotsford	2001	418	412	na	1,720	204,000	A	2.4
	2002(F)	480	425	na	1,750	204,000	A	2.5
	2003(F)	530	440	na	1,825	206,000	A	2.5
Edmonton	2001	7,855	4,959	1.5	16,079	133,441	A	0.9
	2002(F)	7,300	4,600	2.0	15,250	139,500	A	1.2
	2003(F)	7,400	4,700	2.0	16,000	145,500	A	1.5
Calgary	2001	11,349	7,559	2.1	22,512	182,090	A	1.2
	2002(F)	10,600	7,100	2.5	21,500	189,250	A	1.5
	2003(F)	10,650	7,200	2.5	21,700	196,000	A	1.5
Saskatoon	2001	900	542	2.7	2,987	116,472	A	2.9
	2002(F)	1,000	650	3.0	2,900	121,500	A	3.0
	2003(F)	1,000	625	3.0	3,000	125,000	A	2.5
Regina	2001	626	401	2.4	2,700	97,000	A	2.1
	2002(F)	625	475	3.0	2,700	100,000	A	2.5
	2003(F)	615	450	3.0	2,700	103,000	A	2.5
Winnipeg	2001	1,473	1,238	1.9	10,000	94,000	A	1.4
	2002(F)	1,500	1,225	2.5	10,000	98,500	A	1.2
	2003(F)	1,500	1,200	2.5	10,000	102,000	A	1.2
Thunder Bay	2001	211	163	-1.0	1,343	110,689	A	5.8
	2002(F)	280	170	0.3	1,383	111,796	A	5.0
	2003(F)	250	180	0.3	1,425	114,032	A	4.5
Sudbury	2001	191	191	-1.0	1,935	107,623	A	5.7
	2002(F)	200	190	0.3	1,993	107,085	A	5.0
	2003(F)	240	200	0.3	2,052	107,620	A	4.5
Windsor	2001	2,157	1,605	-0.1	4,600	141,580	A	2.9
	2002(F)	2,085	1,575	2.0	4,650	144,410	A	2.5
	2003(F)	2,050	1,600	3.0	4,725	148,020	A	2.1
London	2001	1,607	1,317	2.4	7,300	136,400	A	1.6
	2002(F)	2,005	1,225	1.5	6,750	135,500	A	1.4
	2003(F)	1,790	1,200	2.0	6,900	137,000	A	1.2
Kitchener	2001	3,537	2,197	3.1	4,725	165,000	A	0.9
	2002(F)	3,250	2,250	2.9	4,650	170,000	A	1.2
	2003(F)	3,325	2,300	3.0	4,650	175,500	A	1.5
St. Catharines-Niagara	2001	1,134	916	2.5	5,345	134,925	A	1.9
	2002(F)	1,125	875	3.0	5,225	134,020	A	2.5
	2003(F)	1,225	900	2.3	5,375	138,750	A	2.3
Hamilton	2001	3,365	1,842	2.1	11,150	174,025	A	1.3
	2002(F)	3,395	1,735	2.5	10,600	175,330	A	1.6
	2003(F)	3,625	1,800	3.0	11,050	181,475	A	1.5
Toronto	2001	41,017	16,844	2.4	67,000	251,000	A	0.9
	2002(F)	39,000	16,000	1.6	63,000	257,000	A	1.0
	2003(F)	40,500	16,500	2.0	62,000	265,000	A	1.1

Local Market Indicators

Census Metropolitan Area		Total housing starts	Single-detached housing starts	New housing price index annual % chg.	MLS sales	MLS single-detached average price		Rental vacancy rate, Structures of 3 units +
Oshawa	2001	2,561	2,038	na	4,675	171,000	A	1.3
	2002(F)	2,315	1,900	na	4,500	176,000	A	1.8
	2003(F)	2,465	2,000	na	4,450	180,000	A	1.5
Kingston	2001	705	527	na	3,205	130,125	A	1.5
	2002(F)	760	570	na	3,395	130,775	A	1.2
	2003(F)	835	600	na	3,685	131,600	A	0.8
Ottawa	2001	6,251	3,502	11.3	12,055	205,000	A	0.8
	2002(F)	5,300	2,550	1.6	11,700	217,500	A	1.3
	2003(F)	4,955	2,100	2.2	11,925	230,100	A	0.9
Hull	2001	1,659	1,093	n.a.	4,200	100,000	A	0.6
	2002(F)	1,450	955	n.a.	3,600	90,000	A	0.8
	2003(F)	1,450	955	n.a.	3,600	90,000	A	1.0
Montréal	2001	13,303	7,152	5.0	21,800	137,000	A	0.6
	2002(F)	10,100	7,000	5.0	19,500	141,000	A	0.6
	2003(F)	10,000	7,000	5.0	20,000	144,000	A	1.0
Trois-Rivières	2001	324	224	n.a.	750	79,500	A	4.7
	2002(F)	400	276	n.a.	750	80,500	A	4.0
	2003(F)	410	290	n.a.	750	81,000	A	4.0
Sherbrooke	2001	589	283	n.a.	1,245	94,300	A	2.3
	2002(F)	590	300	n.a.	1,150	96,600	A	2.0
	2003(F)	610	320	n.a.	1,200	98,000	A	1.9
Québec	2001	2,555	1,581	2.1	6,800	92,000	A	0.8
	2002(F)	2,800	1,732	2.1	7,000	94,300	A	0.6
	2003(F)	2,800	1,732	2.1	7,000	96,000	A	1.2
Chicoutimi-Jonquière	2001	336	228	n.a.	795	86,000	A	4.4
	2002(F)	320	230	n.a.	800	87,500	A	4.6
	2003(F)	350	235	n.a.	800	87,700	A	4.7
Saint John	2001	374	325	0.5	1,375	97,000	A	5.6
	2002(F)	365	305	0.7	1,400	97,500	A	6.5
	2003(F)	335	280	1.0	1,350	98,500	A	4.0
Halifax	2001	2,340	1,296	2.5	6,212	134,106	A	2.8
	2002(F)	2,150	1,200	2.2	6,050	137,500	A	3.4
	2003(F)	2,050	1,175	3.3	5,900	139,000	A	3.0
St. John's	2001	1,029	875	2.0	2,675	105,237	A	2.5
	2002(F)	1,075	850	2.5	2,625	106,500	A	2.0
	2003(F)	1,125	875	2.5	2,650	108,000	A	2.5
Charlottetown	2001	300	250	1.5	470	106,355	A	1.8
	2002(F)	350	230	1.0	450	108,000	A	2.5
	2003(F)	300	240	1.8	460	109,000	A	2.0
ALL METRO AREAS	2001	120,292	63,703	2.6	259,173			1.1
	2002(F)	114,180	61,048	3.0	249,991			1.1
	2003(F)	116,685	61,797	2.5	252,072			1.3

Notes:

A: Average MLS price for all dwelling types

S: Singles and semi-detached units

C: Single-family units less condo units

Source: CMHC, Canadian Real Estate Association, Local real estate boards, Statistics Canada, CMHC Forecast 2002-2003.
n.a.: data not available

Major Housing Indicators
Seasonally Adjusted Annual Rates
(levels and quarterly per cent change)

	00:Q1	00:Q2	00:Q3	00:Q4	01:Q1	01:Q2	01:Q3	01:Q4
New housing								
Building permits, units, thousands	153.6	144.9	159.7	150.0	167.1	162.4	160.4	..
%	-9.3	-5.6	10.2	-6.1	11.4	-2.8	-1.3	..
Housing starts, total, thousands	155.8	142.5	159.9	153.7	160.9	164.5	156.3	171.6
%	-0.4	-8.5	12.2	-3.9	4.7	2.2	-5.0	9.8
Housing starts, singles, thousands	96.8	91.3	92.7	90.4	96.5	92.6	94.1	102.6
%	1.0	-5.7	1.5	-2.5	6.7	-4.0	1.6	9.0
Housing starts, multiples, thousands	59.0	51.2	67.2	63.3	64.4	71.9	62.2	69.0
%	-2.6	-13.2	31.3	-5.8	1.7	11.6	-13.5	10.9
Housing completions, total, thousands	149.2	145.8	148.8	140.5	148.0	150.8	153.9	154.0
%	1.1	-2.3	2.1	-5.6	5.3	1.9	2.0	0.1
New house price index, 1992=100	102.3	102.9	103.5	104.2	104.9	105.8	106.5	..
%	0.6	0.6	0.5	0.7	0.7	0.8	0.7	..
Existing housing								
MLS resales, units, thousands	338.4	328.1	333.6	333.2	349.7	370.6	378.8	..
%	3.6	-3.1	1.7	-0.1	5.0	6.0	2.2	..
MLS average resale price, $C thousands	162.4	162.7	164.3	167.1	166.1	170.0	173.4	..
%	1.1	0.2	1.0	1.7	-0.6	2.4	2.0	..
Mortgage market								
Mortgages outstanding, $C billions	421.3	426.3	430.0	433.8	438.6	443.6	453.6	..
%	1.4	1.2	0.9	0.9	1.1	1.2	2.2	..
Mortgage approvals, $C billions	69.5	72.0	76.5	78.7	84.3	89.5	..	..
%	1.1	3.6	6.4	2.8	7.1	6.2	..	..
1-year mortgage rate, per cent*	7.63	8.03	7.90	7.83	7.10	6.73	6.03	4.70
5-year mortgage rate, per cent*	8.48	8.52	8.25	8.15	7.58	7.67	7.50	6.87
Residential investment**								
Total, $1992 billions	45.9	44.7	45.8	46.2	46.8	46.9	47.5	..
%	0.4	-2.6	2.4	1.0	1.3	0.3	1.1	..
New, $1992 billions	23.4	22.4	22.8	22.9	23.6	23.5	23.6	..
%	-0.6	-4.1	1.5	0.5	3.4	-0.5	0.3	..
Alterations, $1992 billions	15.5	15.5	15.9	16.4	16.0	15.7	16.0	..
%	1.3	0.0	3.1	2.6	-2.0	-1.8	1.5	..
Transfer costs, $1992 billions	7.0	6.8	7.1	7.0	7.1	7.6	7.8	..
%	1.9	-3.2	3.6	-0.8	1.7	7.1	2.6	..
Deflator, 1992=100	106.1	106.3	105.5	106.4	107.9	108.6	109.1	..
%	1.9	0.2	-0.8	0.9	1.4	0.7	0.5	..

Sources: CMHC, Statistics Canada, Bank of Canada, Canadian Real Estate Association.
.. Data not available.
* All indicators are seasonally adjusted, except 1-year and 5-year mortgage rates.
** Residential Investment includes outlays for new permanent housing, conversion costs, cost of alterations and improvements, supplementary costs, and transfer costs.